

## **Regional governance in rural development programmes – which role for forestry?**

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### **ABSTRACT**

Rural development policies lately take an inter-sectoral area-based approach. This turn raises questions relating to governance on the one hand and issues relating to the participation of different sectors therein on the other. In this paper I present a case study from Germany, focussing on three area-based rural development funding programmes, two temporary pilot programmes and a mainstream scheme. The concept of regional governance is shown to play a crucial role in the implementation of pilot programmes, while mainstream policy only partly is affected. Forestry as a sector was found to only play a minor role in such processes of regional governance. This paper reveals sector – internal as well as – external causes of this phenomenon and closed with conclusions on how to (sector-internally and – externally) enhance forestry participation to area-based rural development programmes.

### **KEY WORDS**

area-based rural development, forestry sector, regional governance, mainstream and pilot programmes, LEADER+, Active Regions, GAK, integrated rural development

### **INTRODUCTION**

Rural development policy currently is gaining momentum, having far-reaching implications for agriculture and forest policy. This, for instance, is reflected in a series of OECD studies dealing with the issue of rural development (OECD 2006), describing the advent of ‘The new rural paradigm’. The newly established European Agricultural Fund for Rural Development (EAFRD) shows, that not only paradigms may be subject to change but also the way in which financial resources are devoted to rural development. Rural development programmes themselves show a trend from sector-oriented towards more integrated, area-based

approaches<sup>1</sup> (Lenschow 2002, OECD 2006). This means that public funding is provided for harnessing areas’ endogenous potentials rather than addressing isolated sectors. However, we may distinguish two types of funding programmes supporting such endogenous action: Firstly, such approaches are tested in temporary pilot schemes. More permanent long-term oriented mainstream programmes may then take up the approaches (or parts of them) after they proved

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<sup>1</sup> The terms area-based, place-based or territorial approach often are used synonymously. In the course of this paper I will use ‘area-based’ only. The term refers to the fundamental approach taken by public funding programmes, and mainly contrasts a sector-oriented strategy for supporting development in rural areas.

practicability and usefulness. In a German context two prominent pilot examples are the EU Community Initiative LEADER+ as well as the German Federal Government's Active Regions programme. Contrary, the EU's EAFRD as well as the German 'Joint Task Improvement of Agricultural Structures and Coastal Protection' (GAK, German acronym) present the mainstream end of public funding programmes which partly also apply an area-based approach.

Given the trend towards integrated, area-based rural development programmes, several critical questions arise concerning the role of this approach within rural development policy, its theoretical base as well as the consequences for specific sectors, which traditionally were supported by sectoral funding. In this paper I will address the following two: First, how can we theoretically capture the area-based approach taken by funding programmes? I.e. which theoretical framework proves useful for empirically analysing area-based rural development? I will argue that the 'regional governance' concept may serve this function. Furthermore, the participation of individual sectors to area-based attempts is crucial for its success. I will consequently ask, which role forestry, as one exemplary sector in rural regions, actually plays in the implementation of the area-based approach? In doing so I will present causes hindering forestry participation in related programmes. These questions will be addressed drawing on empirical material derived from a case study. I will close with some conclusions on the importance of area-based rural development for the forest sector.

## THEORETICAL FRAMEWORK FOR AREA-BASED RURAL DEVELOPMENT

Within the political discourse on area-based rural development the German Federal Ministry of Food, Agriculture and Consumer Protection (BMELV, German acronym) uses the term 'integrated rural development'. According to BMELV (2005) the concept employs the economic instrument of public funding for triggering endogenous processes of collective action within self-defined regions.<sup>2</sup> In such settings public-private-

partnerships are financially supported and function as the steering body of the development process. They are granted decision-making authority over a regional budget, which is provided by the respective funding programme. During an initial phase of wide public participation at the regional level a joint development strategy is being developed, including projects benefiting a diverse set of regional actors. Further projects can then be proposed to the steering body, which in turn may approve them for funding. This whole process is being accompanied by a regional management facility, which supports networking among the different actors. Figure 1 illustrates this model at the regional level.

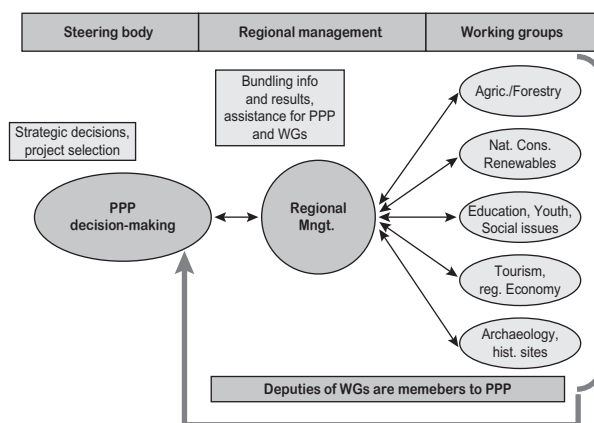


Fig. 1. Exemplary design of a regional process within the area-based rural development frame

While the aforementioned illustrates the practice of area-based approaches in empirical reality, Hahne (1987) provides us with first theoretical insights. He uses the term 'endogenous regional development' as a concept for spatial planning in which socio-economic development of a specific region is not primarily caused by external interventions but by activating internal social as well as economic potentials. Ray (2000) adds to that by emphasising that endogenous development is animated along a 'bottom-up trajectory' by searching for development resources and mechanisms focussing

<sup>2</sup> The term region here refers to an area comprising more than a municipality and less than a Federal State. A region may coincide with

administrative boundaries of e.g. districts. However, the self-defining nature here also allows the constitution of regions along historic or cultural demarcation lines. In the English literature the term 'local' is preferred over 'regional' in this context.

on the local territorial level. However, in his 'neo-endogenous rural development approach' the role of extra-local actors is emphasised. By this he refers to the politic-administrative system as well as to actors from other localities, which may be recruited by regions in support of their endogenous process (ibid). He bases his approach on social economy and economic coordination theory, lending the concept a rather development-oriented character.

Recent studies put emphasis on political issues relating to the governance of such endogenous development processes (Goodwin 1998, Douglas 2005, Mardsen and Murdoch 1998). One such outflow can be seen in the more general (not only development-oriented) discourse on 'regional governance'. It has been prominently dealt with in the UK, Germany as well as Italy (BBR 2003, Pütz 2005, Fürst and Knieling 2001). In general the term refers to 'political modes of interaction which have recently appeared at the regional level' and can be described as new modes of regional steering that are characterised by a set of institutions and negotiated rules, network interactions among public and private actors and horizontal interactions (Fürst 2007). Fürst (2001) elaborates this in more detail. For him regional governance is characterised by regional self-coordination at low degrees of institutionalisation for enabling flexible collective action among public and private actors.

As no universal definition exists, Pütz (2005) identifies two major base lines in how regional governance is conceptualised. In the first one a steering character is prevailing, putting emphasis on the management of regional interdependencies, networks and modes of interaction. A second conception (Benz and Fürst 2003) pays attention to the modes of interaction, inter-organisational cooperation and degree of institutionalisation. For Böcher (2007), and in line with the first conception, regional governance can be characterised by four summarising trends in empirical reality (Tab. 1):

- increase of regions as level for political coordination,
- territorial functions dominate over administrative boundaries,
- inter-sectoral cooperation through weakly institutionalised networks,
- incentive steering by various means and instruments.

Tab. 1. Characteristics of regional governance (Böcher 2007)

Characteristics of Regional Governance	
Increase in significance of the region as a level of political coordination	De-central self coordination Free will principle Use of endogenous potentials
Replacement of the territorial principle by the functional principle	'Region' determined by density of social relations Function of a region is central, not (just) geographical or administrative delimitation
Inter-sectoral cooperation through weakly institutionalised regional networks and partnerships.	Networks and cooperation through private and public actors Joint visions Elaboration of regional development concepts Inter-sectoral collaboration
Steering of incentives through various instruments and forms	Competition as an instrument to identify and support 'best practices' Financial incentives through funds with preconditions Steering through regional management as organizational core Increase of the importance of evaluations

## EMPIRICAL RESULTS

### Methods

The empirical results presented here have been derived from a qualitative case study on area-based rural development as new modes of governance<sup>3</sup>. Some 28 semi-structured expert interviews, two focus group discussions (n=2\*(5)), two participant observations to rural development conferences as well as qualitative document analysis build the empirical base for the analysis. In the focus have been three funding programmes – namely the EU's LEADER+, the Federal Government's Active Regions as well as the area-based funding measures of the national 'Joint Task' (GAK)<sup>4</sup>, for which elements of new modes of governance have been analysed. As all

<sup>3</sup> Giessen and Böcher (2007) for a case study on 'integrated rural development' within the EU-funded research project 'New modes of governance for sustainable forestry in Europe – GoFOR'. <http://www.boku.ac.at/GoFOR/>

<sup>4</sup> In 2004 the GAK has taken up a new funding principle called, 'Integrated Rural Development', largely building on the area-based approach.

three funding schemes take a regional approach, it will be worthwhile assessing whether the framework of regional governance is useful in this particular empirical field.

### Regional governance in rural development programmes

Böcher (2007) finds that LEADER+ as well as Active Regions both reflect all key aspects of regional governance. Therefore, I now will only highlight important differences between pilot and mainstream policies as well as shortcomings of the GAK as concerns regional governance aspects (Tab. 2).

Within the GAK some aspects of Regional Governance are either not addressed explicitly (Tab. 2 'n.s.') or are even constrained by the regime (Tab. 2 '-'). In the former case, such aspects are likely to be addressed in subsequent Laender policies. However, within the GAK four lacking aspects of Regional Gov-

ernance have been identified, which inhibit it from effective functioning. Continuous de-centralised self-coordination is being obstructed by the GAK regime, since common decision-making and collective action is only funded in the initial phase of a development process. Likewise, the lack of institutionalised fora for continuous discussion and decision-making leads to an under-utilisation of endogenous potentials over time. Thirdly, GAK support for IRD does not take a competition approach. Again, this may cause respective regional actors not to unfold their full potentials of performance. Finally, the issue of evaluations does not yet play a meaningful role under the regime, which again narrows opportunities for learning and reflexivity. Hence, a significant difference between pilot schemes and mainstream programmes could be observed as regards the application of regional governance elements, where pilots seem to represent such elements much more rigorously Giessen *et al.* (2006).

Tab. 2. Regional governance in selected rural development programmes (own depiction based on Böcher 2007); (+) policy aligns with aspects of Regional Governance; (-) does not align, even constraints Regional Governance; (n.s.) not specified in GAK framework

Aspects of Regional Governance	Pilot programmes		Mainstream policy
	REGIONEN AKTIV	LEADER+	GAK (IRD section)
Significance of regions as level of political coordination			
De-central self-coordination	+	+	-
Free-will principle	+	+	+
Use of endogenous potentials	+	+	-
Replacement of the territorial principle by the functional principle			
'Region' determined by density of social relations	+	+	n.s.
Function of a region is central, not (just) geographical or administrative delimitation	+	+	+
Inter-sectoral cooperation through weakly institutionalised regional networks and partnerships			
Networks and cooperation through private and public actors	+	+	n.s.
Joint visions	+	+	n.s.
Elaboration of regional development concepts	+	+	+
Inter-sectoral collaboration	+	+	n.s.
Steering of incentives through various instruments and forms			
Competition as instrument to identify and support 'best practices'	+	+	-
Financial incentives through funds with preconditions	+	+	n.s.
Steering through regional management as organizational core	+	+	+
Increase of the importance of evaluations	+	+	-

### Forestry in regional governance processes

Besides the fact that forestry at least in some regions could have the potential of economically contributing to rural development efforts, political impediments are likely to exist, hindering forestry participation in area-based rural development. Earlier studies indicated that forestry only plays a minor role in such regional cooperative processes. In the field of rural development this was shown by Ortner (2004) for the LEADER+ pro-

gramme. Similarly, Böcher and Giessen (2006) as well as Giessen *et al.* (2006) state that forestry does not tap the full potential from area-based rural development programmes. Such potential for forestry has been analysed by e.g. Ortner (2004) and in more detail by Giessen (2007).

The empirical material indicates two explanations for this – a sector-external and an internal one: Firstly, sector-external reasons may hinder forestry participa-

Tab. 3. Sector-external and -internal reasons for low degrees of forestry participation in area-based rural development programmes and exemplary

Sector-external reasons	Exemplary specification
Agricultural bias of funding programmes	Inappropriate funding conditions for forestry
	Lack of specific benefits to forestry
Perception of forestry as environmental issue	
Institutional reasons within politico-administrative system	Agricultural institutions (strong at Federal State, national and EU-level) which deliver programmes do not correspond with forestry institutions (mostly Federal State-level)
	Forestry's auto-representation of being an absolute responsibility of Federal States
Rural development funds traditionally devoted to sectoral measures in favour of primary sector	
Process design at regional level	Often wide public participation processes, hence high degree of uncertainty about expectations towards forests
	Collective processes often not goal-oriented and specific benefits not clear from the outset
Sector-internal reasons	Exemplary specification
Managerial approach in forestry	Dependency on public funds viewed critically
	Sector-external funds viewed critically
Policy approach in forestry	Traditional approach to lobby for sectoral measures prevails
	Lack of strong political representation at e.g. EU- and national level
Regional relevance of forestry	e.g. forest cover or related industries may be determining
Isolationism by forestry	'no one is supposed taking a hand in our business [i.e. forest-related issues] and in turn we [i.e. forestry actors] will also leave others alone'
Lack of skills and capacity	communication of interests to public not a routine in forestry as e.g. in agriculture
Climate hostile to innovations	Innovators (individual niche ideas etc.) within the forest sector often regarded as exotic
Lack of information on programmes	Among public forestry actors and associations
Ownership-related reasons	State forest administration inflexible, non-innovative and institutional impediments
	Private owners lack resources for participation
Lack of trust in cooperative processes	Collective action including forest(resources) reduces freedom to act
	Bad experiences with collectivisation esp. in Eastern Germany

tion. Even though the area-based approach tries to be inter-sectoral, an agricultural bias of the programmes was perceived by respondents. Also, forestry often was not associated with economic activity or viability and was perceived as not being able to contribute to development. The design of regional governance processes also may keep forestry actors from participation, as they tend to be quite open in scope and entail a diversity of actors, so the ultimate goal does not get clear. Most importantly, the institutional non-fit between forestry and public institutions delivering the area-based programmes (mostly agricultural institutions) was mentioned as an impeding external factor.

Among sector-internal reasons the rather conservative, isolational political as well as managerial approach of forestry was mentioned prominently, also having negative implications on the general climate for innovations. Likewise, the lack of specific skills (mostly communicative capacity of the whole sector) as well as lacking information on rural development programmes was mentioned as sector-internal reason. Ownership-related factors, hindering participation in such programmes also played a prominent role herein. Lastly, a critical attitude towards cooperative action was identified as a reason (Tab. 3).

## CONCLUSIONS

Area-based rural development programmes largely built on the concept of regional governance for steering and coordinating collaborative endogenous development processes. However, the study shows that a significant difference exists between temporary pilot and more enduring mainstream programmes, leading to the assumption that area-based rural development (through regional governance), once successfully tested, may encounter severe difficulties in the reality of different existing funding schemes.

The findings further reveal that forestry actors participate merely at a low degree in area-based rural development programmes. I further exposed some reasons for this phenomenon. Such reasons may lie within or outside the direct influence of forestry actors and consequently are distinguished into sector-internal and –external causes. Based on this division I want to propose several measures to be possibly taken for enhancing for-

estry's participation in as well as its direct benefits from area-based rural development programmes.

Internally forestry should position itself actively with regard to area-based rural development funding. This requires identifying and analysing systematically the specific benefits and hidden potentials rural development programmes hold for forestry. Such analysis as well as respective programme information could then be provided to public as well as private forest owners and their associations. Lastly, a system of mobile consultants and funding advisers at field level could function as interface between inter-sectoral (rural development) programmes and forestry. Due to ongoing reforms of the state forest services personnel resources may be set free for such task. Ortner (2008) provides insights on how to professionally estimate political benefits for forestry in area-based rural development programmes.

Outside the forest sector, however, respective programmes could require the participative processes to be more goal-oriented and time-efficient. Furthermore, some appealing specific benefits (lighthouse measures) may attract sectoral actors such as forest owners. Lastly, area-based rural development programmes may reduce their agricultural bias, if reaching out to various sectors of the rural economy remains their primary logic of intervention.

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